



State of Arizona

Janice K. Brewer
Governor

Office of the Governor
1700 West Washington Street, Phoenix, AZ 85007

Main Phone: 602-542-4331
Facsimile: 602-542-7601

FOR IMMEDIATE RELEASE
May 11, 2012

CONTACT: Matthew Benson
(602) 542-1342
mbenson@az.gov

Governor Jan Brewer takes Bold Action to Boost Arizona Economy

Signs legislation to Aid Small Businesses, Spur Investment and Create Jobs

PHOENIX – Building upon last year's historic Economic Competitiveness Package, Governor Jan Brewer today signed into law a new measure aimed at accelerating Arizona's economic turnaround. In a separate but related move, the Governor signed an Executive Order establishing a special task force that will be charged with identifying ways in which to simplify the State's complex code for sales tax.

The legislation – HB 2815 – is designed to encourage investment in small businesses, aid start-up companies, incentivize the location of corporate headquarters in Arizona and generally spur job growth. The series of phased-in tax breaks associated with increased capital gains deductions, investments in personal property, the creation of new jobs and other areas will not begin until after the expiration of Proposition 100 – keeping with the Governor's pledge to supporters of the temporary, 1-cent sales tax.

"This legislation further establishes Arizona as the nation's best place in which to start or relocate a business, invest capital and create jobs," said Governor Brewer. "With these changes, we have removed lingering obstacles to job growth, and have laid a stable foundation for Arizona's future economic health. The Arizona Legislature should be commended for acting quickly and responsibly on this issue of vital importance to our state."

"The Governor's signing of HB 2815 marks yet another significant step in positioning Arizona as a global leader for job creation and economic growth," said Don Cardon, President and CEO of the Arizona Commerce Authority. "This legislation provides additional tools and resources to make Arizona one of the most - if not the most - business friendly states in the country, and reaffirms our goal to every year advance the business platform of Arizona. I applaud the Legislature and the Governor for their steadfast commitment to Arizona's economic future."

Specific elements of HB 2815 will:

- Phase down Arizona's deduction for income derived from long-term capital gains (assets must be held for at least one year);
- Extend to 20 years the length of time that businesses can carry a net operating loss into future tax years, aligning with the federal standard and aiding start-ups that frequently lose money in their early years;

- Encourage capital investment by using bonus depreciation and nearly doubling the corporate personal-property exemption;
- Remove the cap on income-tax credits available to companies that create qualifying new jobs in the manufacturing or export-related industries; and
- Expand the State's existing renewable-energy tax credit so that it also applies to attract corporate headquarters for companies that derive most of their revenue from out-of-state sales.

When combined with the broad tax cuts and targeted incentives approved with the 2011 Economic Competitiveness Package, these reforms give Arizona a potent formula for job creation. The State has already begun to see results. Arizona employers added nearly 47,000 new jobs between February and March alone, and the State unemployment rate continues to edge downward. Additionally, Chief Executive Magazine recently named Arizona one of the nation's Top-10 states in which to do business, and the Kauffman Index of Entrepreneurial Activity gave top billing to Arizona as the nation's most entrepreneurial state.

Meanwhile, Governor Brewer today also signed an Executive Order establishing a Transaction Privilege Tax Simplification Task Force. This panel of tax experts, municipal representatives, business owners and others has been asked to identify ways in which Arizona's sales tax code – generally considered the nation's most complex – can be simplified in order to reduce taxpayer frustration and improve compliance. The Task Force must report its findings to the Governor, Speaker of the House and Senate President no later than Dec. 31, 2012.

"Sales tax is arguably Arizona's most important revenue source, but we frequently hear from taxpayers and business owners who are frustrated with the complexity of our tax code," said Governor Brewer. "It is in the interest of all Arizonans to create a sales tax system that can more easily be understood, complied with and administered."

###



State of Arizona

Janice K. Brewer
Governor

Office of the Governor
1700 West Washington Street, Phoenix, AZ 85007

Main Phone: 602-542-4331
Facsimile: 602-542-7601